



Week Ahead

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October 19, 2026

Treasury Yields Pull Back As Semiconductors Seek A Bottom

Last week, Treasury yields pulled back from multi-year highs, raising the possibility of a cyclical peak, even as elevated crude oil prices continue to feed inflation readings.

Bank earnings were mixed, with some firms beating expectations while others fell short. Corporate bond spreads – the extra yield investors demand over Treasuries – remain historically tight despite higher interest rates. Semiconductor stocks sold off amid the dual worries over the financing costs of the AI buildout and competition from China. The sell-off is creating oversold conditions, while still-robust demand for chips indicates there may be a short-term bottom. Federal Reserve (Fed) Chair Kevin Warsh, speaking in Bangkok, Thailand, declined to preview the next rate decision but reiterated the Fed's commitment to price stability. He also repeated his bullish views on artificial intelligence (AI).

Fed Chair Warsh: The Fed “Will Deliver Price Stability”

Last Friday morning, Fed Chair Warsh spoke at the IMF-World Bank Annual Meetings in Bangkok. In his remarks, he reiterated the Fed's commitment to price stability and praised “a synchronous tightening in monetary policy in most places around the world” as a common fight against inflation. He marveled at global economic resilience in the face of geopolitical shocks and tighter monetary policy, and he pointed to “structural growth, an investment surge” (broader than just AI) providing tailwinds and durability in the U.S. He referred to AI as “probably the most consequential change to the U.S. and the global economy in my lifetime.”

A Cyclical Peak In Treasury Yields May Have Formed

We believe that a cyclical peak may have formed in Treasury yields. Although we believe we have entered a period of secularly rising inflation, yields can still decline on an intermediate-term basis. The AI sell-off triggered a flight to safety, and September payrolls came in below expectations, lending credence to concerns about economic growth rather than a pure focus on inflation.

Despite higher inflation data, which we discuss below, Treasury yields fell. This is a positive sign and may indicate growing confidence that the Fed will create price stability. The 10-year Treasury yield has rolled over, with initial support near 4.8% and 4.7%. If yields continue to ease, this should allow equities to have their year-end seasonal rally.

The 10-year yield faces several risks that could push it higher later this year and into next year. First, and most obvious, is the risk that energy prices put continued pressure on inflation. Second, bond vigilantes could reemerge, selling Treasuries and driving yields higher amid concerns about funding the U.S. deficit and another debt ceiling debate next year. Lastly, there are concerns about the amount of bond supply coming not only from the U.S. government but also from technology companies issuing sizable amounts of debt to fund the AI buildout. Near term, however, heading into the mid-term elections, interest rates look positioned to fall.

The 2-year Treasury yield is more anchored to Fed policy. The Fed looks to be on hold for October, but the market is pricing in a higher fed funds rate in December and into early next year. There is strong resistance on the 2-year near 5.0%, which we expect will hold. Near term, the yield could fall to 4.2%, but the risk remains that it moves higher again if expectations for additional Fed tightening increase.



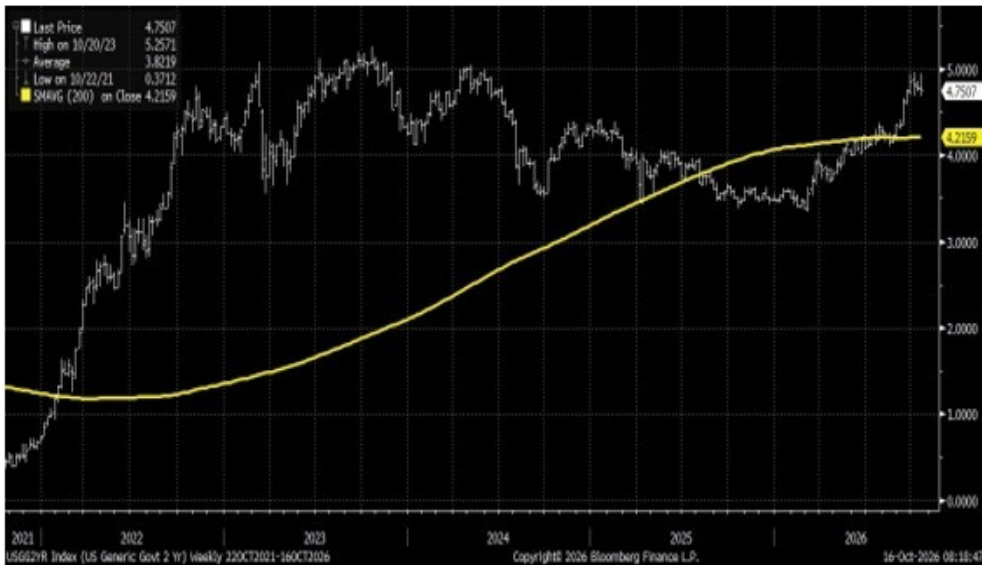
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10-Year Treasury Yield With 100 Day Moving Average



Source: Bloomberg, Annotations by Sanctuary Wealth, October 16, 2026

2-Year Treasury Yield With 200-Day Moving Average



Source: Bloomberg, Annotations by Sanctuary Wealth, October 16, 2026

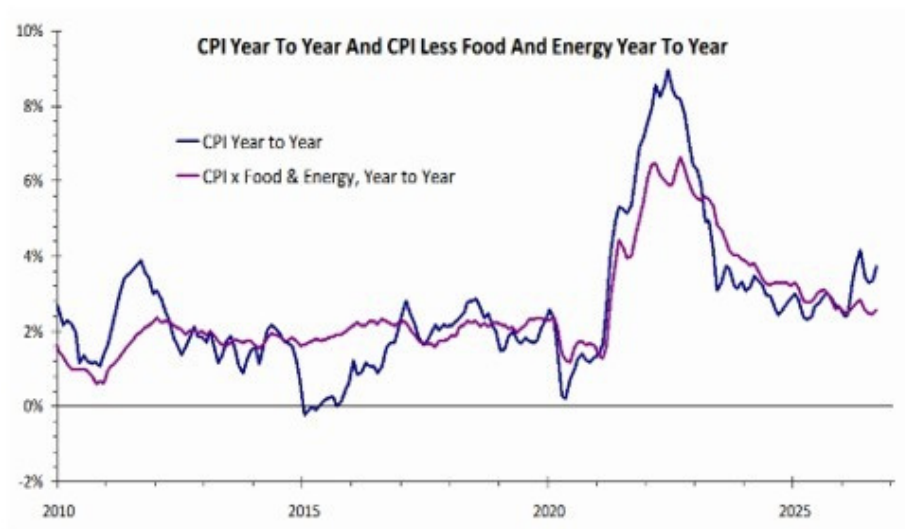


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Oil Prices Are Putting Pressure On Inflation

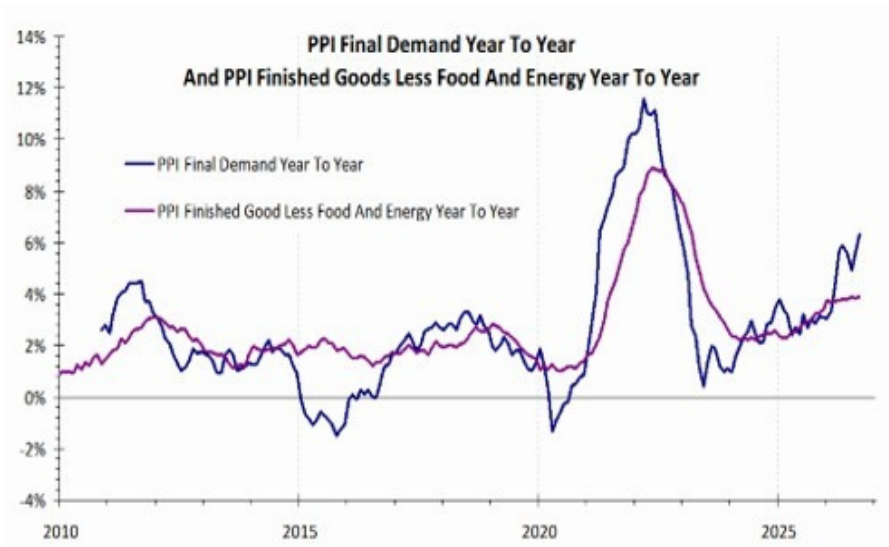
According to the Bureau of Labor Statistics (BLS), oil-related energy prices (gasoline, diesel, etc.) were the dominant driver of the September monthly gains in both the Consumer Price Index (CPI) (3.7%) and the Producer Price Index (PPI) (6.3%). In CPI, oil prices accounted for more than half the headline increase; for PPI, BLS said that over 80% of the increase was attributable to higher oil prices — which are quite high.

Energy Costs Push September CPI To 3.7%, Higher Than Expected



Source: Bureau of Labor Statistics, Sanctuary Wealth, October 14, 2026

PPI Is Also Rising Because Of Energy Prices, With Final Demand At 6.3%



Source: Bureau of Labor Statistics, Sanctuary Wealth, October 15, 2026



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Pace Of AI Debt Issuance Expected To Ease

Hyperscaler AI firms have issued \$220 billion in debt year-to-date, according to Bloomberg. Estimates of a wider net of AI-related borrowing, including loans and convertible bonds from a broader set of industries — including data centers, semiconductors and equipment, and utilities — range from \$500 billion to \$1.9 trillion by year-end. The AI debt deluge has become large enough to crowd out other issuers. However, the pace of borrowing may have begun to slow.

Investors focused on credit risk are driving yields higher on some bonds. But this is company-specific: Oracle (ORCL) and CoreWeave (CRWV) have come under greater scrutiny in the bond market, while debt issued by Microsoft (MSFT) and Apple (AAPL) is considered much more secure.

At this time, we see no signs of systemic stress in the fixed income markets, although isolated credit issues could emerge.

PRIVATE EQUITY WIRE*



AI debt issuance slows as investors reassess financing risks

October 12, 2026 - 10:30 am

≡ Bloomberg

CoreWeave's Big Dream Crashes Into Reality as Yields Top 15%

By [Rachel Graf](#), [Katherine Schwartz](#), and [Dina Bass](#)

October 14, 2026 at 2:10 PM CDT

Updated on October 15, 2026 at 6:00 AM CDT

WSJ

AI Runs Into Its Next Big Obstacle: Insurance

The artificial-intelligence industry's phenomenal rate of growth means claims have the potential to outpace the limits on existing coverage

By [Jean Eaglesham](#)

Oct. 15, 2026 9:00 pm ET

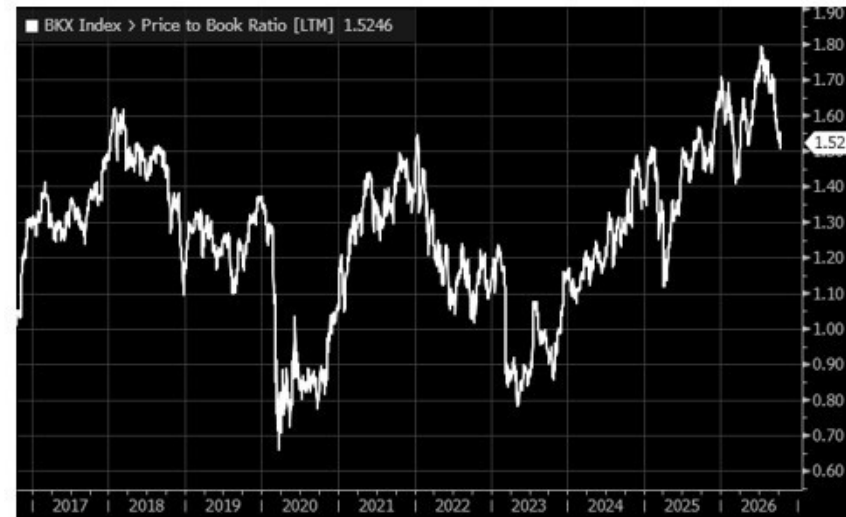


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Bank Earnings Were Mixed

Bank earnings were mixed last week, but bank stocks have become oversold after correcting as interest rates rose. Valuations have also become attractive based on price-to-book ratios. Banks don't tend to peak until price-to-book reaches 2.0x–3.0x. At today's 1.5x level, bank stocks remain attractive.

S&P 500 Banks Price-To-Book Ratio Has Corrected

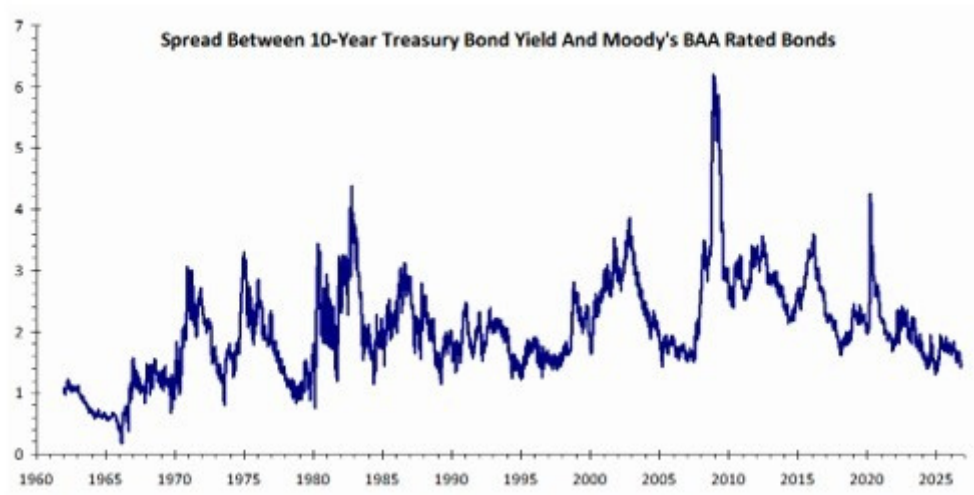


Source: Bloomberg, October 16, 2026

Despite Rising Yields, Spreads Remain Tight

Even as yields have risen, spreads — the extra yield investors demand for lending to a company rather than the U.S. government — have remained near historic lows. Tight spreads reflect a combination of strong demand, resilient investment-grade borrower fundamentals, a supply mix dominated by high-quality issuers, and geopolitical risk being absorbed by rates rather than credit — that is, markets see rising rates as a macroeconomic issue, not a reason to distrust corporate borrowers.

Spread Between 10-Year Treasury Yields And BAA Bonds Near Historic Lows



Source: Bloomberg, Sanctuary Wealth, October 11, 2026



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Magnificent 7 Resumes Market Leadership

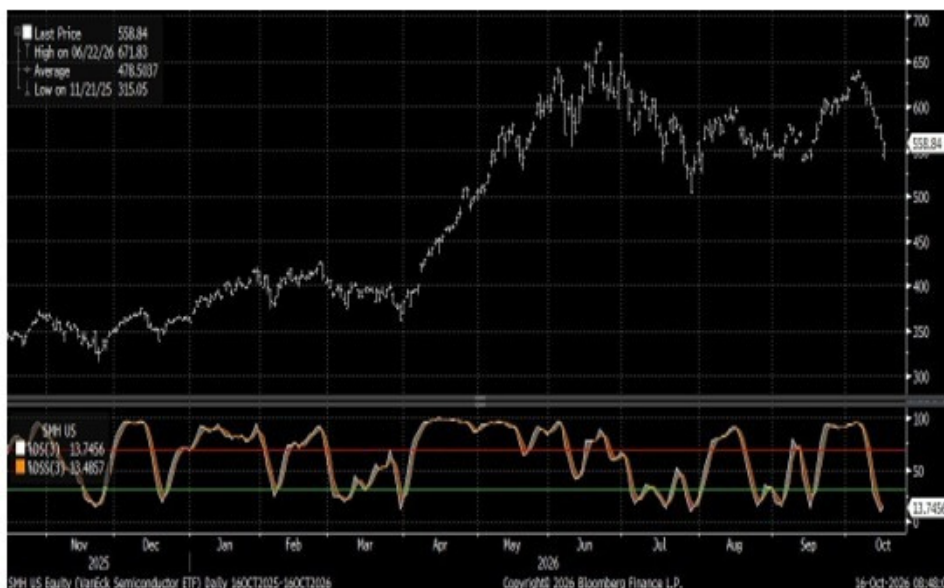
The Magnificent 7 continue to benefit from sustained AI and cloud demand, strong company-specific growth and innovation, and investor preference for large, high-quality growth stocks. *They recently hit all-time highs, showing they are the leaders of the secular bull market.*
Roundhill Magnificent Seven ETF (MAGS) Recently Hit New Highs



Semiconductors May Be Near A Bottom

Semiconductors have been correcting and remain in a trading range that began last May. During the latest pullback, the stochastic price momentum indicator has moved into oversold territory, while prices have entered a support zone. Valuations remain attractive — and even cheap relative to the broader market — at a price/earnings ratio of 14x 2027 earnings. Based on recent earnings and corporate commentary, demand for chips remains strong. Taiwan Semiconductor (TSMC) reported record profit and revenue, driven by robust AI-related demand, and raised its full-year outlook. Memory demand also remains strong amid supply shortages and rising prices.

VanEck Semiconductor ETF (SMH) With Oversold Stochastic





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CNBC

TSMC posts record profit for a sixth straight quarter, beating estimates on AI boom

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- TSMC reported third-quarter net profit of NT\$763.1 billion, up 68.7% from a year earlier.
- The company's revenue and net profit both beat expectations.



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Sector Readings: Energy, Information Technology, And Healthcare Lead; Utilities, Consumer Discretionary, And Real Estate Lag

Energy, Information Technology, and Healthcare led the market once more last week. They have held these positions for the past three weeks, and Energy and Information Technology have ranked either first or second for eight consecutive weeks. The Utilities sector has been the market laggard 11 weeks in a row; last week it was followed by Consumer Discretionary, then Real Estate.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Oct 16	Oct 9	Oct 2	Sep 25	Sep 18	Sep 11	Sep 4	Aug 28
Consumer Discretionary	10	8	9	10	10	10	8	7
Consumer Staples	4	5	8	9	9	9	10	10
Energy	1	2	2	2	1	1	1	2
Financials	7	6	7	5	4	3	4	3
Healthcare	3	3	3	3	3	4	3	4
Industrials	8	9	5	7	7	6	6	6
Information Technology	2	1	1	1	2	2	2	1
Materials	5	7	6	6	6	5	5	5
Communication Services	6	4	4	4	5	8	9	9
Utilities	11	11	11	11	11	11	11	11
Real Estate	9	10	10	8	8	7	7	8

Source: Bloomberg, Sanctuary Wealth, October 16, 2026



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OBOS List: Energy And Healthcare Overbought. Industrials, Real Estate, And Utilities Oversold; Consumer Discretionary And Financials Near Oversold

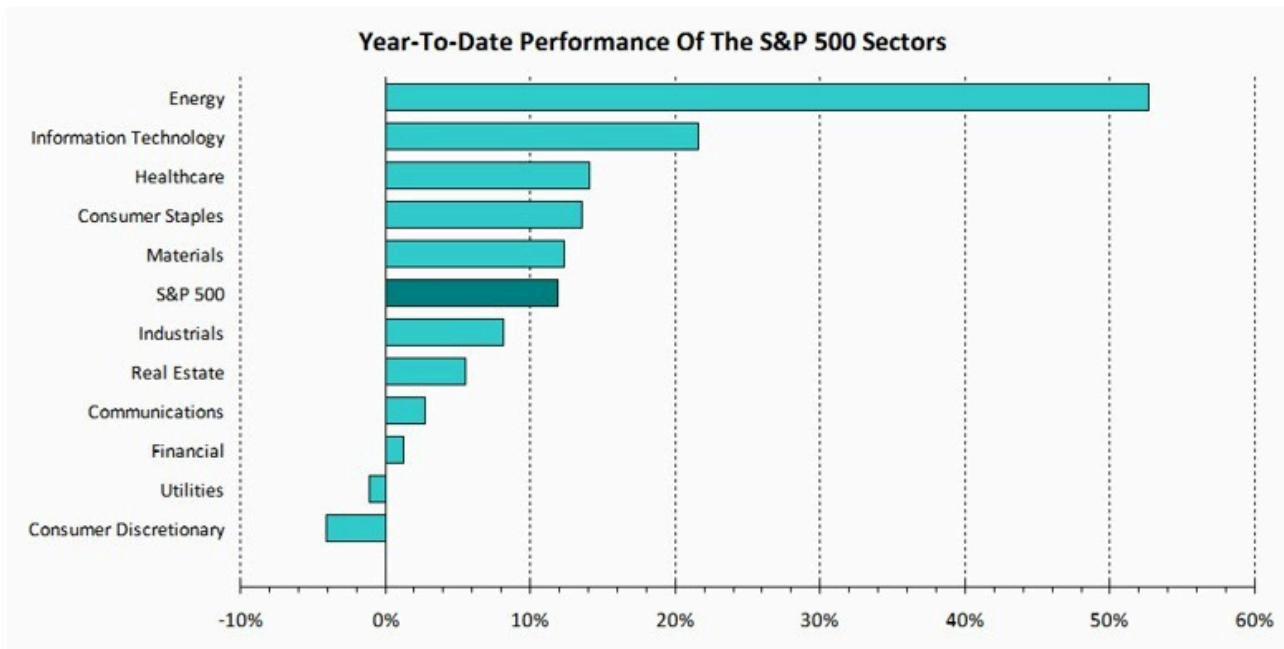
Energy and Healthcare were overbought last week. Industrials, Real Estate, and Utilities were oversold, as they were the prior week, although in a different order. Consumer Discretionary and Financials were near oversold. No sector was near overbought.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over three weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 16 October 2026		
rank	S&P Sector	normalized Oscillator
1	Energy	1.7333
2	Healthcare	1.0652 <i>Overbought</i>
3	Information Technology	0.2857 <i>Neutral</i>
4	Consumer Staples	0.2147
5	Materials	0.0300
6	Communication Services	-0.2019 <i>Neutral</i>
7	Financials	-0.6093 <i>Near Oversold</i>
8	Consumer Discretionary	-0.9847
9	Utilities	-1.1303 <i>Oversold</i>
10	Real Estate	-1.2609
11	Industrials	-2.2487

Source: Bloomberg, Sanctuary Wealth, October 16, 2026



Source: Bloomberg, Sanctuary Wealth, October 16, 2026



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Market Performance: Energy Remains The Top-Performer Year-To-Date; Silver Is Weakest

	Last 10/16/2026	Month End 9/30/2026	Month to Date	Quarter End 9/30/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 10/16/2025	Year To Year
S&P 500	7659.44	7651.54	0.1%	7651.54	0.1%	6845.50	11.9%	6629.07	15.5%
NASDAQ Composite	26140.03	26861.06	-2.7%	26861.06	-2.7%	23241.99	12.5%	22562.54	15.9%
NASDAQ 100	709.80	739.77	-4.1%	739.77	-4.1%	614.31	15.5%	599.99	18.3%
Russell 2000	2721.37	2796.86	-2.7%	2796.86	-2.7%	2481.91	9.6%	2467.02	10.3%
S&P Consumer Discretionary Sector	1850.08	1807.11	2.4%	1807.11	2.4%	1928.43	-4.1%	1861.89	-0.6%
S&P Consumer Staples Sector	982.24	900.55	9.1%	900.55	9.1%	864.89	13.6%	875.40	12.2%
S&P Energy Sector	1049.61	944.63	11.1%	944.63	11.1%	687.34	52.7%	653.90	60.5%
S&P Financial Sector	923.36	888.55	3.9%	888.55	3.9%	911.60	1.3%	860.73	7.3%
S&P Healthcare Sector	2059.72	1963.91	4.9%	1963.91	4.9%	1805.89	14.1%	1658.65	24.2%
S&P Industrials Sector	1420.06	1413.31	0.5%	1413.31	0.5%	1313.14	8.1%	1283.37	10.7%
S&P Information Technology Sector	6910.58	7267.14	-4.9%	7267.14	-4.9%	5684.00	21.6%	5612.05	23.1%
S&P Materials Sector	645.44	617.73	4.5%	617.73	4.5%	574.41	12.4%	561.22	15.0%
S&P Real Estate Sector	269.10	262.03	2.7%	262.03	2.7%	255.03	5.5%	262.55	2.5%
S&P Communications Sector	464.67	470.20	-1.2%	470.20	-1.2%	452.39	2.7%	420.08	10.6%
S&P Utilities Sector	428.93	400.64	7.1%	400.64	7.1%	433.81	-1.1%	466.69	-8.1%
S&P 500 Total Return	17186.02	17160.41	0.1%	17160.41	0.1%	15220.46	12.9%	14702.58	16.9%
3 month Treasury Bill Price	98.96	98.97	0.0%	98.97	0.0%	99.09	-0.1%	99.01	-0.1%
3 month Treasury Bill Total Return	275.96	275.41	0.2%	275.41	0.2%	268.01	3.0%	265.78	3.8%
10 Year Treasury Bond Future	105.45	104.20	1.2%	104.20	1.2%	112.44	-6.2%	113.75	-7.3%
10 Year Treasury Note Total Return	307.50	303.31	1.4%	303.31	1.4%	316.61	-2.9%	317.66	-3.2%
iShares 20+ Year Treasury Bond ETF	80.05	77.78	2.9%	77.78	2.9%	87.16	-8.2%	91.34	-12.4%
S&P Municipal Bond Total Return	284.39	279.51	1.7%	279.51	1.7%	290.00	-1.9%	288.23	-1.3%
iShares S&P National Municipal Bond NAV	102.20	100.70	1.5%	100.70	1.5%	106.85	-4.4%	107.08	-4.6%
S&P 500 Investment Grade Corporate Bond Total Return	491.96	485.30	1.4%	485.30	1.4%	499.46	-1.5%	501.27	-1.9%
S&P Investment Grade Corporate Bond	88.36	87.44	1.1%	87.44	1.1%	92.75	-4.7%	93.79	-5.8%
S&P Investment Grade Corporate Bond Total Return	526.98	520.34	1.3%	520.34	1.3%	532.99	-1.1%	533.96	-1.3%
SPDR Bloomberg High Yield Bond ETF	92.28	92.75	-0.5%	92.75	-0.5%	97.21	-5.1%	97.04	-4.9%
iShares iBoxx High Yield Corporate Bond ETF	76.86	77.21	-0.5%	77.21	-0.5%	80.63	-4.7%	80.51	-4.5%
Gold	4165.58	4157.41	0.2%	4157.41	0.2%	4319.37	-3.6%	4326.58	-3.7%
Bitcoin	81632.18	83621.23	-2.4%	83621.23	-2.4%	87647.54	-6.9%	107886.31	-24.3%
Silver	56.99	60.43	-5.7%	60.43	-5.7%	71.66	-20.5%	54.24	5.1%

Source: Bloomberg, Sanctuary Wealth, October 16, 2026

Big Tech Earnings Take Center Stage

This week the Fed goes quiet while earnings could make some noise.

Earnings and economic data will drive the market this week, led by major reports from Meta (META) and Tesla (TSLA) on Wednesday. Investors will be watching Meta closely for commentary on AI capital spending and the adoption of Muse, its new AI agent, which appears to be a key element of the company's turnaround. Airline earnings will also be in focus, particularly comments on jet fuel costs and consumers' willingness to pay higher ticket prices. Procter & Gamble (PG), a Consumer Staples bellwether, reports Thursday, providing another window into consumer spending.

The economic calendar is also busy. On Tuesday, the Census Bureau will report Housing Starts and Building Permits, while the National Association of Realtors will report Pending Home Sales. On Friday, S&P Global will release its U.S. Manufacturing and Services PMIs, followed by the University of Michigan Consumer Sentiment Index.

Meanwhile, the FOMC blackout period began Saturday ahead of its October 27–28 meeting, leaving investors without any new guidance from Fed officials this week. No rate hike is expected at the meeting, with Bloomberg putting the probability of the Fed holding rates steady at 85%.



Calendar

Mon.

10:00 AM NAHB Housing Market Index
Earnings Fifth Third Bancorp*

Tue.

8:30 AM Housing Starts
10:00 AM Pending Home Sales
Earnings Netflix, United Airlines

Wed.

Earnings Meta Platforms

Thu.

8:30 AM Weekly Jobless Claims
10:00 AM Leading Indicators
11:00 AM Kansas City Fed Survey
Earnings American Airlines, Procter & Gamble

Fri.

9:45 AM US Flash Manufacturing PMI
9:45 AM US Flash Services PMI
10:00 AM U. Michigan Final Consumer Survey
Earnings American Express

*Earnings reflect highlights
Sources: MarketWatch/Kiplinger's

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